

Senate File 2183

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1 3 AN ACT
1 4 RELATING TO ASSET DISREGARD UNDER THE MEDICAL ASSISTANCE
1 5 PROGRAM FOR THE PURCHASE OF A QUALIFIED LONG-TERM CARE
1 6 INSURANCE POLICY, PROVIDING FOR A REPEAL, AND PROVIDING A
1 7 CONTINGENT EFFECTIVE DATE.
1 8
1 9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 10
1 11 Section 1. NEW SECTION. 249J.1 DEFINITIONS.
1 12 As used in this chapter, unless the context otherwise
1 13 requires:
1 14 1. "Health maintenance organization" means health
1 15 maintenance organization as defined in section 514B.1.
1 16 2. "Long-term care facility" includes, but is not limited
1 17 to, a facility licensed under chapter 135C or an assisted
1 18 living program certified under chapter 231C.
1 19 3. "Qualified long-term care insurance policy" means a
1 20 qualified long-term care insurance contract as defined in
1 21 section 7702B(b) of the Internal Revenue Code that is issued
1 22 by an insurer or other person who complies with section
1 23 249J.5.
1 24 4. "Qualified long-term care services" means qualified
1 25 long-term care services as defined in section 7702B(c) of the
1 26 Internal Revenue Code.
1 27 Sec. 2. NEW SECTION. 249J.2 ESTABLISHMENT AND
1 28 ADMINISTRATION OF THE PROGRAM.
1 29 1. The Iowa long-term care asset disregard incentive
1 30 program is established to do the following:
1 31 a. Provide incentives for individuals to insure against
1 32 the costs of providing for their long-term care needs.
1 33 b. Provide a mechanism for individuals to qualify for
1 34 coverage of the costs of their long-term care needs under the
1 35 medical assistance program without first being required to
2 1 substantially exhaust all their resources.
2 2 c. Assist in developing methods for increasing access to
2 3 and the affordability of long-term care insurance.
2 4 d. Alleviate the financial burden on the state's medical
2 5 assistance program by encouraging the pursuit of private
2 6 initiatives.
2 7 2. The insurance division of the department of commerce
2 8 shall administer the program in cooperation with the division
2 9 responsible for medical services within the department of
2 10 human services.
2 11 Sec. 3. NEW SECTION. 249J.4 ELIGIBILITY.
2 12 An individual who is the beneficiary of a qualified long=
2 13 term care insurance policy approved by the insurance division
2 14 is eligible for assistance under the medical assistance
2 15 program using the asset disregard provisions pursuant to
2 16 section 249J.6.
2 17 Sec. 4. NEW SECTION. 249J.5 INSURER REQUIREMENTS.
2 18 1. An insurer or other person who wishes to issue a
2 19 qualified long-term care insurance policy meeting the
2 20 requirements of this chapter shall, at a minimum, offer to
2 21 each policyholder or prospective policyholder a policy that
2 22 provides both of the following:
2 23 a. Facility coverage, including but not limited to long=
2 24 term care facility coverage.
2 25 b. Nonfacility coverage, including but not limited to home
2 26 and community care coverage.
2 27 2. An insurer or other person who complies with subsection
2 28 1 may also elect to offer a qualified long-term care insurance
2 29 policy that provides only facility coverage.
2 30 Sec. 5. NEW SECTION. 249J.6 ASSET DISREGARD ADJUSTMENT.
2 31 1. As used in this section, "asset disregard" means any of
2 32 the following:
2 33 a. A one dollar increase in the amount of assets an
2 34 individual who purchases a qualified long-term care insurance
2 35 policy and meets the requirements of section 249J.4 may retain
3 1 under section 249A.34 for each one dollar of benefit paid out
3 2 under the individual's qualified long-term care insurance
3 3 policy for qualified long-term care services if the policy
3 4 meets all of the following criteria:
3 5 (1) If purchased prior to January 1, 2004, provides

3 6 benefits in an amount equal to at least one hundred thousand
3 7 dollars as computed on January 1, 2004.
3 8 (2) If purchased on or after January 1, 2004, provides
3 9 benefits in an amount equal to at least one hundred thousand
3 10 dollars as computed on January 1, 2004, compounded annually by
3 11 at least five percent.
3 12 (3) Includes a provision under which the total amount of
3 13 the benefit increases by at least five percent annually.
3 14 b. The total assets an individual owns and may retain
3 15 under section 249A.34 and still qualify for benefits under
3 16 chapter 249A at the time the individual applies for benefits
3 17 if the individual meets all of the following criteria:
3 18 (1) Is the beneficiary of a qualified long-term care
3 19 insurance policy that provides benefits, if purchased prior to
3 20 January 1, 1998, in an amount equal to at least one hundred
3 21 forty thousand dollars as computed on January 1, 1998.
3 22 (2) Is the beneficiary of a qualified long-term care
3 23 insurance policy that provides benefits, if purchased on or
3 24 after January 1, 1998, in an amount equal to at least one
3 25 hundred forty thousand dollars as computed on January 1, 1998,
3 26 compounded annually by at least five percent.
3 27 (3) Is the beneficiary of a qualified long-term care
3 28 insurance policy that includes a provision under which the
3 29 total amount of the benefit increases by at least five percent
3 30 annually.
3 31 (4) Meets the requirements of section 249J.4.
3 32 (5) Has exhausted the benefits of the qualified long-term
3 33 care insurance policy.
3 34 2. When the division responsible for medical services
3 35 within the department of human services determines whether an
4 1 individual is eligible for medical services under chapter
4 2 249A, the division shall make an asset disregard adjustment
4 3 for any individual who meets the requirements of section
4 4 249J.4. The asset disregard shall be available after benefits
4 5 of the qualified long-term care insurance policy have been
4 6 applied to the cost of qualified long-term care services as
4 7 required under this chapter.
4 8 Sec. 6. NEW SECTION. 249J.7 APPLICATION OF ASSET
4 9 DISREGARD TO DETERMINATION OF INDIVIDUAL'S ASSETS.
4 10 A public program administered by the state that provides
4 11 long-term care services and bases eligibility upon the amount
4 12 of the individual's assets shall apply the asset disregard
4 13 under section 249J.6 in determining the amount of the
4 14 individual's assets.
4 15 Sec. 7. NEW SECTION. 249J.8 DISCONTINUATION OF PROGRAM.
4 16 1. If the Iowa long-term care asset disregard incentive
4 17 program is discontinued, an individual who is covered by a
4 18 qualified long-term care insurance policy prior to the date
4 19 the program is discontinued is eligible to continue to receive
4 20 an asset disregard as defined under section 249J.6.
4 21 2. An individual who is covered by a long-term care
4 22 insurance policy under the long-term care asset preservation
4 23 program established pursuant to chapter 249G, Code 2003, on or
4 24 before June 30, 2004, is eligible to continue to receive the
4 25 asset adjustment as defined under that chapter.
4 26 3. The insurance division shall adopt rules to provide an
4 27 asset disregard to individuals who are covered by a long-term
4 28 care insurance policy prior to July 1, 2004, consistent with
4 29 the Iowa long-term care program asset disregard.
4 30 Sec. 8. NEW SECTION. 249J.9 RECIPROCAL AGREEMENTS TO
4 31 EXTEND ASSET DISREGARD.
4 32 The division responsible for medical services within the
4 33 department of human services may enter into reciprocal
4 34 agreements with other states to extend the asset disregard
4 35 under section 249J.6 to Iowa residents who had purchased or
5 1 were covered by qualified long-term care insurance policies in
5 2 other states.
5 3 Sec. 9. NEW SECTION. 249J.10 RULES.
5 4 The department of human services and the insurance division
5 5 shall adopt rules pursuant to chapter 17A as necessary to
5 6 administer this chapter. The insurance division shall consult
5 7 with representatives of the insurance industry in adopting
5 8 such rules. This delegation of rulemaking authority shall be
5 9 construed narrowly.
5 10 Sec. 10. NEW SECTION. 249A.34 PURCHASE OF QUALIFIED
5 11 LONG-TERM CARE INSURANCE POLICY == COMPUTATION UNDER MEDICAL
5 12 ASSISTANCE PROGRAM.
5 13 A computation for the purposes of determining eligibility
5 14 under this chapter concerning an individual who has purchased
5 15 a qualified long-term care insurance policy under chapter 249J
5 16 shall include consideration of the asset disregard provided in

5 17 section 249J.6.

5 18 Sec. 11. Chapter 249G, Code 2003, is repealed.

5 19 Sec. 12. MEDICAID STATE PLAN.

5 20 1. The department shall amend the medical assistance state
5 21 plan to provide that all amounts paid for qualified long-term
5 22 care services under a qualified long-term care insurance
5 23 policy shall be considered in determining the amount of the
5 24 asset disregard.

5 25 2. The department shall amend the medical assistance state
5 26 plan to extend nursing home coverage using the special
5 27 institutional income rule to the medically needy directly
5 28 without the requirement of establishing a qualifying income
5 29 trust.

5 30 Sec. 13. CONTINGENT EFFECTIVE DATE == IOWA LONG-TERM CARE
5 31 ASSET DISREGARD INCENTIVE PROGRAM. The Iowa long-term care
5 32 asset disregard incentive program established in this Act
5 33 shall take effect only if funding is specifically appropriated
5 34 to the insurance division for that purpose. The insurance
5 35 division shall notify the Code editor if such an appropriation
6 1 is made.

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JEFFREY M. LAMBERTI
President of the Senate

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CHRISTOPHER C. RANTS
Speaker of the House

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6 13 I hereby certify that this bill originated in the Senate and
6 14 is known as Senate File 2183, Eightieth General Assembly.

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MICHAEL E. MARSHALL
Secretary of the Senate

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6 20 Approved _____, 2004

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THOMAS J. VILSACK

6 25 Governor